

BENEFICIARY, and the GRANTOR shall provide the BENEFICIARY with receipts evidencing the payment of all premiums due on such policies. The GRANTOR shall give the BENEFICIARY prompt notice of any loss covered by such casualty insurance, and the TRUSTEES or the BENEFICIARY shall have the right to join the GRANTOR in adjusting any loss covered by an insurance policy. All monies received as payment for a loss covered by an insurance policy shall be paid over to the BENEFICIARY to be applied, at the option of the BENEFICIARY, either to the prepayment of the PROMISSORY NOTE or to the payment of other charges or expenses actually incurred by the GRANTOR in the restoration, reconstruction, repair, renovation or replacement of the SECURED PROPERTY.

Section 1.4.1. Separate Insurance. The GRANTOR may not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under Section 1.4 above unless the BENEFICIARY is included thereon as a named insured with losses payable to the BENEFICIARY as above provided in Section 1.4. The GRANTOR shall immediately notify the BENEFICIARY whenever any such separate insurance is taken out and shall promptly deliver to the BENEFICIARY the policy or policies or such insurance.

Section 1.4.2. Flood Insurance. If the SECURED PROPERTY is located in an area which has been identified by the Secretary of Housing and Urban Development as a flood hazard area, the GRANTOR will keep the SECURED PROPERTY covered by flood insurance in an amount at least equal to the full amount of the PROMISSORY NOTE or the maximum limit of coverage available for the Premises under the National Flood Insurance Act of 1968, as amended, whichever is less.

Section 1.5. Escrow. The BENEFICIARY may, at any time or from time to time, upon notice to the GRANTOR, require the deposit by the GRANTOR with the BENEFICIARY, at the time of each payment of an installment of interest, of principal or of principal and interest under the PROMISSORY NOTE, of an additional amount sufficient to discharge the obligations of the GRANTOR for the payment of taxes, assessments, levies, fees, rents and other public charges imposed upon or assessed against the SECURED PROPERTY or the revenues, rents, issues, income or profits thereof, as provided in Section 1.3 or the payment of the premiums for fire, casualty and other hazard insurance and flood insurance, as provided by Sections 1.4 and 1.4.2, for the purpose of providing a fund to assure the payment of the aforesaid expenses when and as they come due. The determination of the amount so payable and of the fraction or part thereof to be deposited with the BENEFICIARY, so that the aggregate of such deposits shall be sufficient for this purpose, shall be made by the TRUSTEES or the BENEFICIARY in their sole and absolute discretion. Such amounts shall be applied to the payment of the obligations in respect to which such amounts were deposited or, at the option of the BENEFICIARY, to the payment of such obligations in such order of priority as the BENEFICIARY shall determine, on or before the date they become delinquent. If the TRUSTEES or the BENEFICIARY determine prior to the due date of any of the aforementioned obligations that the amount then on deposit shall be insufficient for the payment of such obligations in full, the GRANTOR, within ten (10) days after demand, shall deposit the amount of the deficiency with the BENEFICIARY. The contrary notwithstanding, the BENEFICIARY shall retain the right under the provisions of this Deed of Trust to pay any such amount and to add the amount so paid together with interest at the rate provided in the PROMISSORY NOTE to the indebtedness hereby secured. In the event any regular monthly payment made by the GRANTOR should be insufficient to pay all interest or principal and interest due and any applicable penalties plus the amounts required for the escrow pursuant to this section, the amount of the regular monthly payment shall be applied first to interest and penalties, if applicable, and next to principal, with the balance, if any, being applied to the escrow.

Section 1.6. Advancements. If the GRANTOR should fail to perform any of the covenants contained in Sections 1.3, 1.4, 1.4.2 and 1.5 of this

HOWARD R. STEPLER, JR.  
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